

Office of Economic Development
Mesa Redevelopment Authority Executive Board
57 E. 1st Street
Lower Level Council Chambers
Mesa, AZ 85201

MEETING MINUTES

Date: March 27, 2012 2:00 P.M.

MEMBERS PRESENT

Brian Campbell, Chair
Tony Ham, Vice-Chair
William Jabjiniak
John Regni (conferenced in)
Virgil Renzulli

STAFF PRESENT

Sue Cason
Kelly Jensen
Patrick Murphy
Margaret Robertson

GUESTS

Jeffrey Crockett
Dane Mullenix

1. Chair's Call To Order

Chair Brian Campbell called the meeting of the Mesa Redevelopment Authority Executive Board (MRA) to order at 2:01 P.M.

2. Approval of Minutes from the December 20, 2011 and January 11, 2012 Meetings

Chair Campbell called for a motion to approve the minutes from the meetings held on December 20, 2011 and January 11, 2012.

MOTION: Virgil Renzulli moved that the minutes from December 20, 2011 and January 11, 2012 be approved as written.

SECOND: Tony Ham

DECISION: Passed unanimously

3. Items from Citizens Present

No Comments were made.

4. Discuss and make recommendation that the City Council approve the Business and Marketing Plan for the Arizona Laboratories for Security and Defense Research

This item was presented with number five (5).

5. Discuss and make recommendation that the City Council approve the submission of the Economic Development Conveyance (EDC) application for the Arizona Laboratories for Security and Defense Research

Mr. Craig Seymour of RKG Associates and Mr. Jeffrey Donohoe of Jeffrey Donohoe and Associates were introduced as presenters of the Business and Marketing Plan as well as the submission of the EDC application. Mr. Patrick Murphy stipulated that agenda items four (4) and five (5) were combined into one presentation and following the combined discussion, action could be taken on each one separately.

Mr. Seymour stated that he is the consultant the City selected to develop the Economic Development Conveyance application for the Air Force Research Lab. He indicated that the Economic Development Conveyance (EDC) allows the Air Force to transfer property only to municipalities where the property is contained. The goal is to maintain or create employment over the next several years using the facilities or property currently erected. These are technical type jobs. The facility's high security set up by the federal government makes this a highly desirable property. The location in proximity to Phoenix-Mesa Gateway Airport and the ASU Polytechnic campus as well as the massive square footage contribute to the attractiveness of this location.

In relation to the high security, Mr. Seymour reiterated that varying levels of security from low to high security are available which in turn increases the value of the property as the level increases. The condition of the property varies greatly.

Recertification has been completed through Alion Service and Technology from the U.S. government. Alion is providing ongoing security and maintenance of the facility.

Mr. Donohoe presented a fifteen year projection of revenues and expenses for the redevelopment. Expenses are expected to exceed revenues for the first three (3) years of the project, resulting in a cumulative deficit. The project is expected to break even during year four (4). As the property approaches full occupancy in year five (5), revenues are expected to exceed expenses, and the cumulative deficit will begin to decline. For the entire fifteen (15) year forecast period, the project is expected to break even, but should result in the creation or retention of more than 200 high technology jobs.

Since the property was erected over an extended period of time, the property has not been maintained. Mr. Donohoe states that renovations would be made as definite tenancy is achieved. Air conditioning systems on the property will absolutely need upgrading. Asbestos and lead paint removal are not considered priorities by the military and therefore will need to be remediated as well.

Mr. Seymour stated that the next step is to provide applications and formal proposals to the Air Force for their approval. He believes it will take approximately six (6) to eight (8) weeks to review. The City is asking the Air Force to deed the property to them without remuneration.

Mr. Ham expressed concern that the \$10,000,000 dollars in repairs would be required before occupancy. Mr. Seymour and Mr. Donohoe stated that not all of this dollar figure would be needed prior to tenancy.

Mr. Renzulli inquired about the job opportunities for the local entities such as ASU. Mr. Seymour reiterated that the proximity to the airport makes this a unique opportunity for the area. Additionally, Mr. Seymour suggested that the training of those in information technology and security interests makes this advantageous as well. Replacing this type of facility is very costly and time-consuming.

Chair Campbell expressed concern over the \$500,000 dollars for the demolition of the trailers or abatement costs at the onset of renovation. Mr. Donohoe assured him that he does not believe there is any cost associated with the demolition of the trailers.

Mr. Jabjiniak reviewed with the panel that the Business and Marketing Plan was part of the information previously reviewed. Chair Campbell stated that he thought the Business and Marketing Plan was previously approved. However, the Business and Marketing Plan was not approved at a previous meeting as the board felt it should be approved at the same time as the EDC application. Chair Campbell clarified that the Business and Marketing Plan is the focus of these documents.

Chair Campbell thanked the presenters Mr. Seymour and Mr. Donohoe for their excellent effort and hard work in preparing and imparting the plan.

Chair Campbell entertained motions to approve the Business and Marketing Plan as well as the Economic Development Conveyance application with recommendation to the full Mesa Redevelopment Authority to approve.

MOTION: Virgil Renzulli moved to approve the Business and Marketing Plan and the submission of the Economic Development Conveyance (EDC) application for the Arizona Laboratories for Security and Defense Research with recommendation to the Mesa Redevelopment Authority to approve.
SECOND: Tony Ham
DECISION: Passed unanimously

6. Monthly update from Alion regarding the business operations at the Arizona Laboratories for Security and Defense Research

Chair Campbell invoked an Executive Session due to the sensitive nature of this topic and adjourned the board to another room at 2:23 pm.

MOTION: William Jabjiniak moved to adjourn to Executive Session.
SECOND: Tony Ham
DECISION: Passed unanimously

MOTION: William Jabjiniak moved to return to Public Session
SECOND: Virgil Renzulli

DECISION: Passed unanimously

7. Other Business

Next Meeting: Tuesday, April 24, 2012, 2:00 P.M. at 57 E. 1st Street, Lower Level
Council Chamber, Mesa, AZ 85201

8. Adjournment

Chair Campbell adjourned the meeting at 3:17 P.M.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Jeanne LaRue)